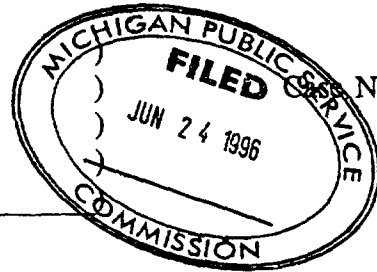


STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion,
to consider Ameritech Michigan's compliance
with the competitive checklist in Section 271
of the Telecommunications Act of 1996



**NOTICE OF PARTICIPATION OF
MICHIGAN CABLE TELECOMMUNICATIONS ASSOCIATION ("MCTA")**

At its meeting held on June 5, 1996, the Michigan Public Service Commission ("Commission") issued an Order which opened the above-captioned docket "for purposes of consulting with the FCC concerning Ameritech Michigan's compliance with the requirements of the competitive checklist" for providing interLATA services as set forth in Subsection (c)(2)(B) of Section 271 to the Communications Act of 1934, as amended by the federal Telecommunications Act of 1996, 47 USC 151 et seq. Michigan Cable Telecommunications Association ("MCTA"), through its attorneys, Fraser Trebilcock Davis & Foster, P.C., hereby provides notice that it will be participating in the above-captioned proceeding and, in connection with the Commission's Order, states the following:

1. MCTA is a Michigan non-profit corporation, having its principal offices at 615 West Ionia Street, Lansing, Michigan. Its membership consists of most of the cable television systems in Michigan. MCTA represents the common interests of the CATV companies in Michigan and has been recognized by this Commission as being "well suited to intervene in proceedings on behalf of the cable television industry in Michigan." (Order

FRASER
TREBILCOCK
DAVIS &
FOSTER,
P.C.
LAWYERS
LANSING,
MICHIGAN
48933

of January 29, 1985 in U-7620, a p 3). MCTA has been granted leave to intervene in previous cases before this Commission.

2. The Commission's Order issued June 5, 1996, states that Ameritech Michigan and other interested people may file in this docket documents that bear on Ameritech Michigan's compliance or non-compliance with the requirements set forth in Section 271, Subsection (c)(2)(B) of the federal act. The Commission also stated that "as necessary, the Commission will seek public comment and conduct hearings." The Commission further stated that "unless ordered otherwise, the proceedings will be conducted as a legislative inquiry." The Commission then stated that any person may participate in this proceedings without seeking leave to intervene.

3. Pursuant to the Commission's June 5, 1996 Order, MCTA provides notice to the Commission that it will be participating in this proceeding, and requests that copies of any papers or documents which are filed in connection with this proceeding be served upon MCTA's counsel.

4. Also, MCTA states that it may file with the Commission documents which bear on Ameritech Michigan's compliance or non-compliance with the federal Act.

5. Furthermore, MCTA submits that it is necessary that the Commission seek public comment and conduct hearings with respect to Ameritech Michigan's compliance with the checklist in the federal Act. Ameritech Michigan, which has been the incumbent monopoly provider of local exchange services for the past century, currently owns and operates the vast majority of the bottleneck facilities to which other telecommunication carriers must access and interconnect. In addition, Ameritech Communications, Inc., an

affiliate of Ameritech Michigan, is currently seeking the ability to provide bundled local and long distance service to customers, using the facilities of Ameritech Michigan. It is therefore imperative that Ameritech Michigan's compliance or non-compliance with the federal Act be properly evaluated so as to ensure that Ameritech Michigan and its affiliates do not leverage their local monopoly and harm the competitive market for other telecommunications services.

WHEREFORE, MCTA respectfully requests that:

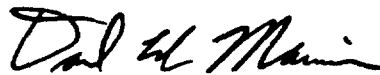
- 1) All papers or other documents filed in connection with this case be served upon MCTA as a participant in this proceeding; and
- 2) The Commission seek public comment and conduct hearings on the issue of whether Ameritech Michigan is in compliance or non-compliance with the competitive checklist contained in the federal Act.

Respectfully submitted,

Michigan Cable Telecommunications Association ("MCTA")

By Its Attorneys

FRASER TREBILCOCK DAVIS & FOSTER, P.C.



David E.S. Marvin (P26564)
Michael S. Ashton (P40474)
1000 Michigan National Tower
Lansing, MI 48933
(517) 485-5800

FRASER
TREBILCOCK
DAVIS &
FOSTER,
P.C.
LAWYERS
LANSING,
MICHIGAN
48933

Dated: June 24, 1996

**FRASER
TREBILCOCK
DAVIS &
FOSTER,
P.C.
LAWYERS
LANSING,
MICHIGAN
48933**

Service List
MPSC Case No. U-11104

Mr. Roderick S. Coy
Mr. Stewart A. Binke
Hill Clark P.L.C.
200 N. Capital Ave., Suite 600
Lansing, MI 48933

Mr. Douglas W. Trabaris
233 S. Wacker Dr., Ste. 2100
Chicago, IL 60606

Mr. Don Keskey
Assistant Attorney General
6545 Mercantile Way
Suite 15
Lansing, MI 48911

Mr. Peter Lark
Assistant Attorney General
P.O. Box 30212
Lansing, MI 48909

Mr. James A. Ault
Ault & Maier, P.C.
2175 Jolly Road #2
Okemos, MI 48864

Ameritech

#7

POST BOX
DUNN MI 48006
ON 10 310 001 8000
TX 10 310 490 3000

Craig A. Anderson
Att

June 24, 1996

Ms. Dorothy Wideman
Executive Secretary
Michigan Public Service Commission
P.O. Box 30221
Lansing, MI 48909

Re: MPSC Case No. U-11104.

Dear Ms. Wideman:

Enclosed for filing in the above-referenced case is an original and fifteen copies of Ameritech Michigan's Appearance.

Very truly yours,



Enclosures

cc: All Parties of Record

CAA:jkt

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion,)	
to consider Ameritech Michigan's compliance)	Case No. U-11104
with the competitive checklist in Section 271)	
of the Telecommunications Act of 1996.)	
<hr/>		

APPEARANCE ON BEHALF OF AMERITECH MICHIGAN

The attorneys named below hereby enter their appearance in this case
on behalf of Ameritech Michigan.¹

Respectfully submitted,

AMERITECH MICHIGAN



CRAIG A. ANDERSON (P28968)
MICHAEL A. HOLMES (P24071)
444 Michigan Avenue, Room 1750
Detroit, Michigan 48226
(313) 223-8033

Dated: June 24, 1996

¹Michigan Bell Telephone Company, a Michigan corporation, is a wholly owned subsidiary of Ameritech Corporation, which owns the former Bell operating companies in the states of Michigan, Illinois, Wisconsin, Indiana, and Ohio. Michigan Bell offers telecommunications services and operates under the names "Ameritech" and "Ameritech Michigan" (used interchangeably herein), pursuant to assumed name filings with the state of Michigan.

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion,)
to consider Ameritech Michigan's compliance)
with the competitive checklist in Section 271)
of the Telecommunications Act of 1996.)
_____)

Case No. U-11104

PROOF OF SERVICE

Jacqueline K. Tinney, being first duly sworn, deposes and states that on the 24th day of June 1996, she served a copy of the Appearance on Behalf of Ameritech Michigan upon the parties listed on the attached service list via U.S. mail.

Further, deponent sayeth not.


JACQUELINE K. TINNEY

Subscribed and sworn to before me
this 24th day of June, 1996.



JULAYNNE R LUKAS NOTARY PUBLIC STATE OF MICHIGAN MACOMB COUNTY ACTING IN: WAYNE COUNTY MY COMMISSION EXP. JULY 12, 2000
--

SERVICE LIST

MPSC CASE NO. U-11104

Roderick S. Coy
Stewart A. Binke
Clark Hill, PLC
200 N. Capitol Avenue, Suite 600
Lansing, MI 48933
Attorneys for Teleport

David Voges
Assistant Attorney General
6545 Mercantile Way, Suite 15
Lansing, MI 48911
Attorney for MPSC Staff

Douglas W. Trabaris
Teleport Communications Group, Inc.
233 S. Wacker Drive, Suite 2100
Chicago, IL 60606
Attorney for Teleport

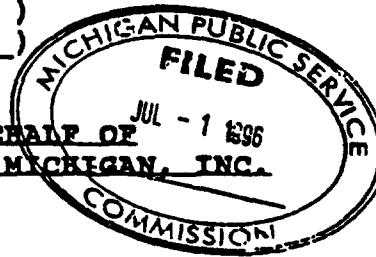
Norman Witte
115 W. Allegan
Lansing, MI 48933
Attorney for WorldCom

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's)
own motion, to consider Ameritech)
Michigan's compliance with the)
competitive checklist in Section)
271 of the Telecommunications Act)
of 1996.)

Case No. U-11104

APPEARANCE ON BEHALF OF
AT&T COMMUNICATIONS OF MICHIGAN, INC.



The attorneys named below hereby enter their appearance
in this case on behalf of AT&T Communications of Michigan,
Inc.

Respectfully submitted,

AT&T COMMUNICATIONS OF
MICHIGAN, INC.



Larry Salustro (P44174)
Cheryl L. Urbanski
AT&T Corp.
4660 S. Hagadorn Road
Suite 640
East Lansing, MI 48823
(517) 332-9610
(312) 230-2665
(312) 230-8210 - Facsimile

George Hogg, Jr. (P15055)
Fisher, Franklin & Ford
3505 Gurdian Building
Detroit, Michigan 48226-3801
313-962-5210

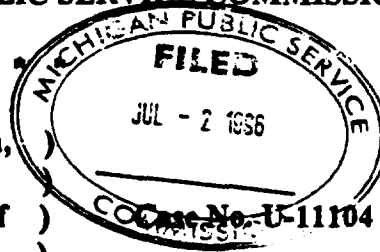
Dated: July 1, 1996

DYKEMA GOSSETT • A PROFESSIONAL LIMITED LIABILITY COMPANY • 800 MICHIGAN NATIONAL TOWER • LANSING, MICHIGAN 48933-1707

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * *

In the matter of the Commission's own motion,
to consider Ameritech Michigan's compliance
with the competitive checklist in Section 271 of
the Telecommunications Act of 1996.



NOTICE OF PARTICIPATION
AND
REQUEST FOR SERVICE OF PAPERS
OF
MCI TELECOMMUNICATIONS CORPORATION

By this filing, MCI Telecommunications Corporation provides notice of its participation in this docket and requests that all persons or entities filing documents in this docket provide a copy of same to the undersigned. A copy of this filing is being provided to all persons or entities on the Commission's official service list in this docket.

Respectfully submitted,

DYKEMA GOSSETT PLLC

Attorneys for
MCI TELECOMMUNICATIONS CORPORATION

By

Albert Ernst (P24059)
800 Michigan National Tower
Lansing, MI 48933
Tel: (517) 374-9155
Fax: (517) 374-9191

DATED: July 2, 1996

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the Commission's own)
motion, to consider Ameritech)
Michigan's compliance with the)
competitive checklist in Section 271)
of the Telecommunications Act of 1996.)

Case No. U-11104

STATE OF MICHIGAN)
) ss.
COUNTY OF INGHAM)

Sara C. Devine, being first duly sworn, deposes and says that on the 2nd day of July, 1996, she caused to be served upon the persons listed in the attached Service List, copies of the Notice of Participation and Request for Service of Papers of MCI Telecommunications Corporation by placing said copies in envelopes, addressed to each person listed in the Service List and, with postage fully prepaid thereon, deposited said envelopes in a United States mail receptacle.

Sara C. Devine
Sara C. Devine

Subscribed and sworn to before me this 2nd day of July, 1996.

Jeanne M. Baker
Jeanne M. Baker, Notary Public
Ingham County, Michigan
My commission expires: 9/18/96

SERVICE LIST

MR NORMAN C WITTE
WORLD COM INC.
115 W ALLEGAN AVE, 10TH FLOOR
LANSING MI 48933-1712

MR STEPHEN J. MOORE
ROWLAND & MOORE
55 EAST MONROE STREET, STE 3230
CHICAGO IL 60603

HON. FRANK STROTHER
ADMINISTRATIVE LAW JUDGE
MICHIGAN PUBLIC SERVICE COMMISSION
PO BOX 30221
LANSING MI 48909

MR LARRY SALUSTRO
MS CHERYL URBANSKI
AT&T COMMUNICATIONS
227 WEST MONROE, 13TH FLOOR
CHICAGO IL 60606

MR GEORGE HOGG JR
FISHER FRANKLIN & FORD
3500 GUARDIAN BUILDING
DETROIT MI 48226

MR RODERICK S. COY
MR STEWART A. BINKE
CLARK HILL
200 N CAPITOL AVE., STE 600
LANSING MI 48933

MR TIMOTHY P. COLLINS
26500 NORTHWESTERN HWY
SUITE 203
SOUTHFIELD MI 48076

MR DOUGLAS W TRABARIS
233 S WACKER DRIVE, STE 2100
CHICAGO IL 60606

MR RICHARD P. KOWALSKI
8140 WARD PARKWAY 5E
KANSAS CITY MO 64114

MR DANIEL J DEMLOW
MR RICHARD J. AARON
HONIGMAN MILLER SCHWARTZ & COHN
222 N WASHINGTON SQUARE STE. 400
LANSING MI 48933

MR DAVID VOGES
ASSISTANT ATTORNEY GENERAL
6545 MERCANTILE WAY, STE 15
LANSING MI 48911

MS AMY EDWARDS CLARK
AMERITECH MICHIGAN
444 MICHIGAN AVENUE ROOM 1750
DETROIT MI 48226

MR WILLIAM KEATING
GTE NORTH, INC.
100 EXECUTIVE DRIVE
MARION OH 43302

MR PETER LARK
ASSISTANT ATTORNEY GENERAL
SPECIAL LITIGATION SECTION
PO BOX 30212
LANSING MI 48909

MR JEROME FINE
221 W LAKE LANSING , STE 101
EAST LANSING MI 48823

#10

Case No. U-11038

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Staff (Staff) also participated. Evidentiary hearings were held on April 23 and 24, 1996. Seven witnesses testified and 43 exhibits were admitted into evidence.

Ameritech Michigan filed a brief and Sprint, MCI, and AT&T filed a joint brief on May 9, 1996. All of the parties filed reply briefs on May 23, 1996. On June 19, 1996, the ALJ issued a Proposal for Decision (PFD) finding that the bill insert was misleading and anticompetitive in violation of the Act and the Commission's orders.

On July 1, 1996, Ameritech Michigan and MCI filed exceptions. On July 9, 1996, Ameritech Michigan filed a reply and Sprint, MCI, and AT&T filed a joint reply to the exceptions.¹

Factual Background

The complaint arises from a bill insert Ameritech² sent to residential and small business customers in December 1995, approximately one month before the implementation of intraLATA

¹The ALJ issued a protective order and permitted the creation of three pages of separate record on which Ameritech Michigan revealed a single confidential fact. Ameritech Michigan then filed two sets of briefs, reply briefs, and exceptions, one confidential and the other nonconfidential. Because the Commission finds that the single confidential fact does not affect the decision in this case and because paragraph 5(g) of the protective order prohibits the Commission's use of that fact without notice and a hearing, the Commission has not relied upon that fact and has not referred to the confidential pleadings. Similarly, the Commission has not tried to determine to what extent the 73 pages of confidential filings differ from the nonconfidential versions.

²The decision to send the bill insert was made by Ameritech Corporation, parent corporation of Ameritech Michigan. For purposes of this complaint, Ameritech Michigan is responsible for the actions of Ameritech, although for accuracy in describing the events, reference will be made to Ameritech when appropriate.

dialing parity in 10% of Ameritech Michigan's exchanges.³ On the front of the bill insert appear the words "DON'T GET SLAMMED!" Also appearing on the front is the following statement:

You can stop unauthorized changes to your long-distance phone service. Please read and respond now to protect yourself.

The inside of the bill insert reads as follows:

Some phone companies are engaging in a practice commonly known as slamming: switching consumers' long-distance or other telecommunications service without their knowledge or consent. This is an illegal practice on which the Federal Communications Commission has begun to crack down.

While Ameritech can do nothing to resolve the problem *after* your long-distance service has been slammed, we can easily protect you *before* it happens.

Simply complete the information below and return this form with your bill payment to ensure that slamming never happens to you. Upon receipt, Ameritech will not permit any changes to your account unless you notify us by phone or in writing of your desire to make changes. There is no charge to you for this service. [Emphasis in original.]

Exhibit I-39.⁴

Ameritech Michigan enrolled customers who called or returned the bill insert coupon in its PIC⁵ protection program. As a result, any change in provider, whether for interLATA, intraLATA, or basic local exchange service, would require authorization, either written or oral, directly from the customer to Ameritech Michigan.

³Without dialing parity, when a customer places an intraLATA call by dialing 1+, Ameritech Michigan carries the call. The customer may use another carrier only by dialing an access code. With dialing parity, the customer can preselect which carrier will handle intraLATA calls that are placed by dialing 1+. The selection process is called presubscription.

⁴Contrary to Ameritech Michigan's claim, the Staff did not review the bill insert before Ameritech Michigan mailed it. Tr. 489.

⁵Primary interexchange carrier, or the toll carrier that the customer reaches when dialing 1+. The parties have referred to PIC protection for basic local exchange service as well, although there is no PIC for local exchange service.

Despite the rhetoric, this case is not about whether slamming is unlawful or undesirable. It is both. This case is not about whether Ameritech Michigan's PIC protection program is appropriate or reasonable. This case is not about the right of customers to choose to enroll in the PIC protection program. This case is not about whether interexchange carriers have been guilty of slamming or have sought to implement PIC protection for their own benefit. This case is about whether Ameritech Michigan, a competitor in the intraLATA and local exchange markets, promoted its PIC protection program through a bill insert that complies with the requirements of the law. As discussed below, the Commission concludes that Ameritech Michigan did not.

Misleading Nature of Bill Insert

Sprint, MCI, and AT&T argue that the December 1995 bill insert is deliberately misleading. They note that although the bill insert refers only to changes in long distance service, i.e., interLATA service, the PIC protection program also applies to intraLATA and local services, both of which are provided by Ameritech Michigan.⁶ They argue that any claim that the references to "long-distance service" and "other telecommunications service" fully inform customers that their ability to change intraLATA and local service providers will be affected by responding to the bill insert is simply not credible. They assert that what Ameritech Michigan presented as a solution to

⁶On January 1, 1996, intraLATA presubscription was implemented in 10% of Ameritech Michigan's exchanges. In those exchanges, customers now have a choice of presubscribed intraLATA toll service provider. Ameritech Michigan still has 100% of the presubscribed intraLATA market in the remaining 90% of its exchanges. In addition, several providers have been licensed to offer basic local exchange service. None has an approved interconnection agreement. One is operating under interconnection terms ordered by the Commission. Several thousand access lines take service from an alternative local exchange service provider. Ameritech Michigan is still prohibited by federal law from providing interLATA service.

interLATA slamming is in fact a mechanism to "freeze" intraLATA and local customers to Ameritech Michigan before those customers ever have a choice of providers.

The ALJ found the bill insert to be deceptive and misleading because it did not present the PIC protection program in clear terms and failed to disclose clearly that intraLATA service would be covered by the protection against slamming. Rather, she concluded that, on the eve of intraLATA dialing parity, the bill insert did not specifically advise customers of the impending changes or that selecting PIC protection would apply to all services. She found the bill insert, as a whole, calculated not to fully inform customers but rather to encourage action that would benefit Ameritech Michigan.

Ameritech Michigan excepts and argues that a fair reading of the entire bill insert reveals that it clearly informs customers that PIC protection would apply to all of their telecommunication services. It argues that the record does not support the ALJ's conclusion that customers interpret "long-distance service" to mean only interLATA service. It notes that its monthly bills use the term "Long Distance" to describe inter- and intraLATA services, that a witness testified that customers understand any 1+ call to be a long distance call, and that other carriers (including Sprint, MCI, and AT&T) use the term to mean both services.

The Commission finds the bill insert to be deceptive and misleading. Just a few months before sending the bill insert, Ameritech Michigan had provided notice of the impending implementation of intraLATA dialing parity and used the terminology "intraLATA toll calling." Exhibit I-24, p. 2. Ameritech conducted a media campaign a few weeks after mailing the bill insert to encourage those who had not done so already to request PIC protection. It did not use the phrase "long-distance" service as the bill insert had used that phrase. It referred to "long-distance and/or local-toll service."

Exhibit I-43, pp. 4-7. Yet, in the bill insert, Ameritech Michigan used the term "long-distance" to mean inter- and intraLATA services. Furthermore, at the time customers received the bill insert, for almost all customers, the only service for which the provider could be switched, with or without the customer's consent, was interLATA service. Customers could not presubscribe to an intraLATA provider and most did not have a choice of a local service provider. Therefore, the only kind of slamming that had any meaning to almost all customers was the slamming of interLATA service.

In that context, the definition of slamming inside the insert does not convey to customers that Ameritech Michigan intended the PIC protection program to apply to all services. Rather, the definition is just that, an explanation of how the term can be used. For the better informed customer, Ameritech Michigan's broader intent is even more obscure because the definition is followed by a statement that the Federal Communications Commission (FCC) has begun to crack down on slamming and those customers would know that the FCC has jurisdiction over only interLATA services. Furthermore, all of the argument on the record about the meaning of "long-distance" misses the more basic point that there is no definition of long distance service that is broad enough to include local exchange service, which is also covered by the PIC protection program.

The reference to not making "any" changes to a customer's account without direct notification from the customer, coming at the end of the insert, does not provide clear notice to customers that the PIC protection program described above only with reference to long distance service applies to local exchange service as well. In context, that language more clearly conveys that any change to long distance service requires direct notice rather than any change to any kind of service requires direct notice.

The bill insert is also misleading because it does not remind customers that Ameritech Michigan was required to implement intraLATA dialing parity for 10% of its customers on January 1, 1996 and that local service would soon be available from other providers. With that information, customers might have decided to wait to select another carrier and then to enroll in PIC protection. It may be too much to expect a competitor such as Ameritech Michigan to be that informative to its customers, but that does not render the bill insert any less misleading. It does suggest that Ameritech Michigan should not have sent the bill insert when it did, which raises the issue of the anticompetitive effect of the bill insert, discussed in the next section.

In addition, the bill insert is misleading because it states that "Ameritech can do nothing to resolve the problem after your long distance service has been slammed." As Ameritech Michigan admits in its brief, "[t]he only remedy that can be provided by Ameritech once a customer has been slammed is to switch the customer back to his or her chosen carrier." To a customer who has been slammed, being switched back to his or her chosen carrier is hardly "nothing." It is true that slamming may well have consequences that switching back does not address, but the existence of those other problems does not render the bill insert truthful. Rather, by falsely implying that the customer would be stuck with the carrier that slammed his or her account, Ameritech Michigan sought to create a sense of urgency to enroll in PIC protection just as intraLATA dialing parity was about to be offered to some customers.

For all of these reasons, the Commission concludes that although customers who were very familiar with telecommunication terminology and regulation and who read the insert carefully and puzzled over its alternative meanings may have understood the full import of the language as

Ameritech Michigan meant it, most customers would not have had that understanding. The insert is therefore misleading and deceptive.⁷

The survey offered by Ameritech Michigan does not prove otherwise. More than 10 years after the breakup of the Bell system, there are still a significant number of customers who do not understand that Ameritech Michigan and AT&T are not the same company. Tr. 168. Yet Ameritech Michigan asks the Commission to believe that 80% of its customers understand the distinction between inter- and intraLATA service and discerned the intended meaning of the language in the bill insert. The Ameritech survey is challenged as having fundamental flaws due to the nature of the questions, the tone of the interviews, and the people excluded from the sample.⁸ It is true that the challenges to the survey are offered by those with an interest in the outcome of this proceeding, but the survey was offered by a party subject to the same challenge. Consequently, the Commission, relying on its common sense and everyday experience, concludes that the bill insert was sufficiently misleading and deceptive that customers could not make an informed decision about whether and when to sign up for PIC protection.

⁷The misleading nature of the bill insert is quite analogous to the misleading information that leads to soft slamming. As Ameritech Michigan says in its answer to the complaint: Soft slamming occurs when a long-distance carrier approaches a customer to sell interLATA services, together with intraLATA or local services, but does not clearly tell the customer which services it is selling. The customer can easily be misled to take intraLATA and local service from the provider, when the customer believes he or she is only selecting an interLATA long distance provider.

Answer, p. 4.

Ameritech Michigan's bill insert falls short of clearly telling the customer which services would be protected from slamming.

⁸It is likely that customers who returned the bill insert coupon but could not remember returning it would be among those likely not to understand the meaning of the insert, but they were excluded from the sample.